



SUMMARY OF THE DISCUSSION

Toronto, April 16, 2026, 4:00 to 6:00 p.m.

Karen McMeekin (CDCC) was welcomed to the CIMPA Committee and introduced as co-lead of the repo central clearing subgroup.

1. Canadian Collateral Management Service (CCMS) update

A CDS representative provided an overview of global tri-party service pricing practices. Internationally, while collateral receivers are generally not charged, collateral givers typically pay fees in the range of about 0.5 and 5 bps, with fee structures varying widely depending on transaction volume and the bundling of services (e.g., custody or foreign exchange). CCMS was described as offering a transparent, tiered pricing model ranging between 1 and 2 bps, with no additional fees for settlement movements, maintenance, or access. This model is designed to be simple and competitive compared to other tri-party and custody-based providers.

CCMS reported continued progress in platform adoption. Currently, 16 clients are live on the platform, with a further 34 institutions at various stages of onboarding. 2 custodians are live, with additional one in discussion. 1 pension fund is active, with further buy-side onboarding underway. The multilateral repo legal agreement is live, and banks are increasingly enabling cash-provider capabilities in addition to acting as collateral givers. Asset classes have been expanded to cover equities and fixed-income securities including Government of Canada (GoC), provincial, corporates, Canada mortgage bonds and real return bonds. It is ready for Secured General Collateral (SGC) Notes, with first issuance expected in May.

The automatic entitlement solution, launching in May, will support NHA MBS by automating coupon and entitlement returns through reuse chains back to collateral givers. This will reduce operational burden, and the need for manual reclaims around major coupon dates. Efforts are also underway to standardize processes, collect performance statistics, and implement additional enhancements such as locked accounts to improve custodian processing efficiency.

To ensure consistency for market participants and streamline end-of-day processes, CDS proposed to

- 1) align CCMS operating holidays, including early closes, with the Ontario trading calendar, and
- 2) move the free-of-payment cut-off time from 6:00 p.m. to 5:00 p.m. EST.

Members were invited to provide feedback within a week following internal consultation within their institutions. A co-chair indicated that these two changes would be adopted as an industry practice, unless relevant issues were raised in the week following the meeting.

2. Best Practices for Repo Collateral Valuation and Pricing

Members were presented with the structure of the draft best-practices note on repo collateral valuation and pricing, prepared by the CIMPA Repo Collateral Valuation and Haircuts Subgroup. The draft, to be circulated to members in the days following the meeting, proposes non-binding recommendations intended to promote consistent valuation and pricing practices in the Canadian repo market, focusing on fixed-income collateral in both bilateral and tri-party repos. NHA MBS and equity repos are excluded at this stage and will be added to the best practices note in a future update. Topics covered include the use of reliable and independent pricing sources, governance over pricing waterfalls, model-based valuation for illiquid securities, and transparency when a dealer acts as valuation agent. It also addresses clean versus dirty pricing, mid versus bid pricing, end-of-day versus intraday pricing, and coupon treatment.

Members also discussed the implications of a CIMPA-/CFIF-endorsed best-practices document. A proposal was tabled outlining that best-practice recommendations a) are intended to promote good market conduct in support of the resilience and efficiency of fixed-income markets; b) are reviewed and updated over time to maintain applicability; and c) serve as guidelines rather than binding rules or regulatory guidance, while often being broadly adopted by market participants. Members expressed support and agreed that such a statement should be presented to CFIF for endorsement in advance of (and as context for) CFIF's consideration of best-practices documents.

Members were asked to circulate the draft within their institutions and provide feedback by early May. Subject to revisions, a revised version will be presented to CFIF for consideration and endorsement, after which the best practices document would be made available on the CFIF webpage.

3. CIMPA subgroups update

a. Custodian model subgroup

The discussion highlighted challenges associated with supporting pure collateral-giver models, particularly for certain buy-side participants (e.g., pensions), as existing custodian service offerings do not currently provide a dedicated repo agency model suitable for pure collateral givers. Members also noted that engagement is ongoing with Securities and Investment Management Association (SIMA) and Canadian Securities Lending Association (CASLA), regarding regulatory considerations related to NI 81-102 that may affect investment funds' participation in repo transactions. It was also noted that a living whitepaper on the CCMS custodian model will be circulated to members for review in the weeks following the meeting.

b. Standardized baskets subgroup

The standardized GoC General Collateral (GC) basket is ready in the CCMS production environment. Reporting entities are expected to perform some testing in mid-June, to validate collateral mapping, and end-to-end processing and reporting to the Canadian Investment Regulatory Organization (CIRO) to ensure basket trades are captured accurately for CORRA calculation. Once successful and approved, the basket definitions will be made available on the TMX and Clearstream webpages with links from the [CIMPA webpage](#). In the weeks that follow, the subgroup will proceed to Phase 2 with additional baskets (e.g. provincial debt).

c. NHA MBS baskets subgroup

Work is underway to develop eligibility criteria, pricing rules, and CCMS templates for NHA MBS baskets, supported by collaboration with CIMPA Valuation and Haircut Subgroup and workshops with CanDeal. Pilot trades and template testing on CCMS are scheduled for May and June, with the objective of launching NHA MBS baskets in the production environment by mid-2026. The discussion also highlighted the use of standardized templates for bilateral baskets, allowing for customization of haircuts and eligibility criteria. Over time, the market is expected to move towards greater standardization for simpler products (e.g., GoC GC), while maintaining flexibility for more complex asset classes such as NHA MBS.

d. Valuation and haircuts subgroup

In parallel with the development of the best-practices note on repo valuation, work is ongoing on the principles-based guidance note of repo haircuts, with plans to present recommendations at the next CIMPA meeting. Subgroup co-chairs emphasized the importance of setting haircuts and/or initial margin at levels that balance capital efficiency and market activity with financial system resilience. Final guidance will be submitted to CFIF for approval and be subject to broader industry consultation.

e. Fail fee governance subgroup

Fail fee best practices are being finalised, and CDS IT build is nearing completion. A 12-month dry-run trial period, with no actual fee exchange, is expected to begin in late Q2 or early Q3 2026. Initial build costs are estimated at about \$540,000, with ongoing annual operating costs of around \$100,000, allocated based on active CUIDs and billed annually. As the next steps, the group will finalize and publish best practices, clarify tax treatment on fail fees, discuss partial settlement processes with custodians, and engage with CDS on relevant rulebook changes.

f. CORRA-based floating-rate BDN subgroup

The proposed product has been confirmed within the existing CDS money market securities framework. Individual participants' legal counsels are reviewing whether the product can be accommodated under existing governance arrangements given its similarity to the existing money market securities, or whether additional internal approvals may be required. CDS confirmed that 80% of the product development is complete, with the remaining work dependent on CIMPA project prioritization and sequencing across related initiatives. The estimated timeline for completion is around three months, including industry testing. Members noted that this new product could play a role in supporting unsecured funding activity in Canadian fixed-income markets, particularly in the context of the cessation of Bankers' Acceptances, and should as such be prioritized.

g. Repo central clearing subgroup

Strong engagement was reported following a market survey and initial subgroup meetings focused on prioritizing eligible security types for phase one of CDCC Repo 2.0. Members noted agreement to broaden the scope of eligible collateral, including the addition of further provincial securities, reduced minimum issue sizes, and the inclusion of pension fund-issued debt. The discussion also included potential operational enhancements aimed at improving central clearing efficiency.

4. Other business

Members discussed the need for a more structured approach to prioritizing CIMPA initiatives and aligning them with delivery capacity across CDS, CCMS and TMX. It was noted that the work on CORRA-based

floating-rate BDNs is well advanced and should represent a key near-term priority, given its relative delivery readiness. CDS indicated that work is underway to develop a prioritized list of projects, including sequencing and key dependencies, to support more effective coordination and transparency. It was proposed that an industry-prioritized list of system enhancements would be reviewed and updated at each meeting, in order to ensure that key initiatives, notably CORRA BDNs, alongside the fail fee build and automatic entitlements, are appropriately sequenced. Participants also agreed that a prioritized list, included in meeting minutes, would also bring visibility on the magnitude of investments required by industry, and thus support appropriate resource allocation. Members also noted that a project-tracking tool is being developed by the Bank of Canada to support progress reporting and information sharing with CIMPA, CFIF and other relevant stakeholders.

The next CIMPA meeting is tentatively scheduled for June 18, 2026 in Montreal, subject to confirmation in the coming days.

Meeting participants:

CIMPA members:

Nick Chan, BMO Capital Markets (Co-Chair)
André Zanga, Casgrain & Company Limited
Karen McMeekin, CDCC
Steve Everett, CDS
Robert Lemon, CIBC
Sandy McRae, CPP Investment Board
Nicolas Poisson, Fiera Capital
Chris Miller, National Bank Financial
Brian Tinney, RPIA
Travis Keltner, State Street
Adnann Syed, TD Asset Management

Observers:

Cherry Li, BMO Capital Markets
Andrew Munn, CanDeal
Kelsey Gunderson, CDS
Manisha Ramji, CDS
Fabrice Tomenko, Clearstream
Lisa Mantello, Osler, Hoskin & Harcourt LLP
Joshua Chad, McMillan LLP
Todd Evans, Securities and Investment Management Association

Subgroup co-leads:

Alasdair Graham, BMO
Aaron Carter, CIBC
Dennis You, CMHC
Breiffni McCormack, RBC IS
Ciaran Dayal, Scotiabank
Michael Van Hees, Scotiabank

Bank of Canada:

Philippe Muller (Co-Chair)
Xuezhi Liu (Secretariat)
Danny Auger
Wendy Chan
Maks Padalko
Adrian Walton